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GENERAL STUDIES (TEST CODE : 1234)

Name of Candidate	ARCHIT NIGAM		
Medium Eng./Hindi	ENGLISH	Registration Number	104282
Center	ORN - DELHI	Date	20/8/19

INDEX TABLE

Q. No.	Maximum Marks	Marks Obtained
1	10	
2	10	
3	10	
4	10	
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9	10	
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11	15	
12	15	
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15	15	
16	15	
17	15	
18	15	
19	15	
20	15	

Total Marks Obtained:

Remarks:

INSTRUCTIONS

1. Do furnish the appropriate details in the answer sheet (viz. Name, Registration Number and Test Code).
   उत्तर पुस्तिका में सूचनाएं भरना आवश्यक है (नाम, प्रश्न-पत्र कोड, विद्यार्थी क्रमांक आदि)।
2. There are **TWENTY** questions printed in **ENGLISH & HINDI**
   इसमें बीस प्रश्न हैं अंग्रेजी और हिन्दी में छपे हैं।
3. **All questions are compulsory.**
   सभी प्रश्न अनिवार्य हैं।
4. The number of marks carried by a question/part is indicated against it.
   प्रत्येक प्रश्न/भाग के अंक उसके सामने दिए गए हैं।
5. Answers must be written in the medium authorized in the Admission Certificate, which must be stated clearly on the cover of this Question-Cum-Answer (QCA) Booklet in the space provided. No marks will be given for answers written in medium other that the authorized one.
   प्रश्नों के उत्तर उसी माध्यम में लिखे जाने चाहिए जिसका उल्लेख आपके प्रवेश पत्र में किया गया है और उस माध्यम का स्पष्ट उल्लेख प्रश्न-सह-उत्तर (क्यूसीए) पुस्तिका के मुख्य पृष्ठ पर अंकित निर्दिष्ट स्थान पर किया जाना चाहिए। उल्लिखित माध्यम के अतिरिक्त अन्य किसी माध्यम में लिए गए उत्तर पर कोई अंक नहीं मिलेंगे।
6. Word limit in questions, if specified, should be adhered to.
   प्रश्नों में शब्द सीमा, जहाँ विनिर्दिष्ट है, का अनुसरण किया जाना चाहिए।
7. Any page or portion of the page left blank in the Question-Cum-Answer Booklet must be clearly struck off.
   उत्तर पुस्तिका में खाली छोड़ा हुआ पृष्ठ या उसके अंश को स्पष्ट रूप से काटा जाना चाहिए।

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EVALUATION INDICATORS

1. Contextual Competence
2. Content Competence
3. Language Competence
4. Introduction Competence
5. Structure - Presentation Competence
6. Conclusion Competence

Overall Macro Comments / feedback / suggestions on Answer Booklet:

1.

2.

3.

4.

5.

6.

All the Best

Don't write anything this margin (इस भाग में कुछ ना लिखें)

1. Explaining the reasons behind India's lower female labour force participation rates (LFPR), list the steps that have been taken to augment it. What more needs to be done? **(150 Words) 10**

भारत की निम्न महिला श्रमबल भागीदारी दर (LFPR) के पीछे उत्तरदायी कारणों को स्पष्ट करते हुए, इसे बढ़ाने हेतु उठाए गए कदमों को सूचीबद्ध कीजिए। साथ ही, बताइए कि इस दिशा में और क्या किए जाने की आवश्यकता है?

According to World Bank estimates the Female labour Force participation rates [FLFPR] are at ~24%, which are abysmal in comparison to other emerging economies

Reasons for low Female LFPR

- Social Stigma of women working stemming from Patriarchy.
- Dropout of women after marriage & child birth
- Poor skills & employability makes it difficult to compete with men.
- Safety concerns eg:- work place harrasment crimes against women.
- Migration limitations puts a limit to work options
- A few sections of women also dropout for higher education, Some women also dropout due to good income of the husband

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Steps taken

- Social campaigns
  eg:- Beti Bachao Beti Padhao
- Skill India, women are given specific emphasis
- enabling legislations.
  eg:- Prevention of Sexual Harassment at workplace Act, Maternity Benefit Act, Equal work for Equal pay etc.
- Empowering women led households through policies.
  eg:- National Food Security Act. MGNREGS, PDS etc

Way Ahead

1. Land rights to rural women farmers
2. Safe transport services for conveyance.
   eg:- Free rides in Delhi Metro
3. Better working of Internal complaints committee under POSH at workplace Act
4. Improving sex ratio, gender sensitization, sharing of parenting ~~needs~~ responsibilities

A nation always remains stunted if the women do not participate, this needs to be reversed at the earliest.

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2. Parliamentary scrutiny over public finance is an important aspect of governmental accountability. In this context, discuss the role, importance and challenges in establishing a Parliamentary Budget Office (PBO) for effective oversight of budgetary process. **(150 words) 10**

लोक वित्त की संसदीय संवीक्षा सरकारी जवाबदेही का एक महत्वपूर्ण पहलू है। इस संदर्भ में, बजटीय प्रक्रिया की प्रभावी निगरानी हेतु संसदीय बजट कार्यालय (पार्लियामेंट्री बजट ऑफिस: PBO) की भूमिका, महत्व और उसकी स्थापना में आने वाली चुनौतियों पर चर्चा कीजिए।

The Budget or Annual Financial statement is an important stage in a country's annual growth process.

Parliamentary scrutiny is ineffective due to following reasons.

1. Lack of expertise of MPs.
2. " " Dedicated staff for research and information dissemination.
3. Less time given for scrutiny and study of budgetary provisions.
4. Use of voice vote and gullotine to approve vast sections of the budget.

A Parliamentary Budget office would go a long way in addressing the problems.

ROLE → To facilitate and deepen the Parliamentary scrutiny by indepth

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analysis using dedicated staff
They would furnish the information needed for the MPs to take better decisions

Importance → Principle of accountability, discussion and deliberation. They would help in efficient resource allocation

Challenges → ① Brute majority of Parties in the Lok Sabha.
② Anti defection law makes it difficult to go against party whip
③ Intrusion in the domain of departmentally related standing committees.

A PBO is a step in the right direction as it decentralises information to the individual level making the process of parliamentary scrutiny a process rather than being a formality

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3. Highlight the various challenges faced by MSMEs in accessing credit. Also, mention some of the recent steps taken by the government and RBI to address this issue. **(150 words) 10**

ऋण तक पहुँच स्थापित करने में MSMEs द्वारा सामना की जाने वाली विभिन्न चुनौतियों पर प्रकाश डालिए। साथ ही, इस समस्या का समाधान करने के लिए सरकार और RBI द्वारा हाल ही में उठाए गए कुछ कदमों का उल्लेख कीजिए।

MSME Sector forms the backbone of the Secondary / manufacturing Sector. It helps in employment generation, entrepreneurship and economic growth.

One of the main bottlenecks for MSMEs is accessing credit.

Challenges → ① Lack of collateral for formal bank loans.

② Preference to informal sources such as friends, family, relatives etc due to flexibility in repayment and ease [due to very low documentation]

③ Limited economics of scale to justify the viability of loans

④ Aversion to unsafe loans by the Banks due to twin balance sheet problem

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(5) Poor financial inclusion and financial literacy that restricts access to formal credit

Recent Steps

(1) PM-MUDRA Yojna for non agricultural enterprises giving collateral free loans.

(2) Inclusion of MSME Sector in Priority Sector lending.

(3) Creation of SHGs and incubation centres at technology parks for pooling of resources, sharing of machinery

(4) Easier terms of repayment for loans approved by the RBI.

(5) Portals for delayed payments, procurements etc eg:- MSME Sambandh
" Samadhaan
" GeM

(6) Fixing quota for procurement under new Procurement policy.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

4. By rebalancing project risks between the public and private sectors, the HAM model has encouraged investments in the road infrastructure sector. Discuss. **(150 words) 10**

सार्वजनिक और निजी क्षेत्रकों के मध्य परियोजना जोखिमों को पुनर्संतुलित कर, HAM मॉडल ने सड़क अवसंरचना क्षेत्रक में निवेश को प्रोत्साहित किया है। चर्चा कीजिए।

The recent spurt in the construction of highways is a testament to the success of HAM [Hybrid Annuity Model] in PPP [Public private partnerships]

Mechanism

① The govt pays lumpsum 40% of the cost of the project to the private developer.

② The rest is paid in annual installments [annuities] based on the performance indicators & progress in project development.

③ There is no ownership by the private sector, nor is there a period of cost recovery. The project is transferred after completion but the maintainence is still done by the private developer.

Don't write anything this margin
(इस भाग में कुछ ना लिखें)

Rebalancing of risks :-

① Govt pays the initial seed money that removes the burden on the private sector for material & labour costs

② The govt then pays annuities based on the feasibility of the project.
This lessens the burden of failure incase the impact is not as expected.

The HAM is a variation of existing PPP models, it merely innovates the sharing of risks making it effective and attractive.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

5. In view of the growing significance of FinTech innovations, discuss the potential and challenges of mainstreaming FinTech in Indian economy.

(150 words) 10

फिनटेक (FinTech) नवाचारों के बढ़ते महत्व को देखते हुए, भारतीय अर्थव्यवस्था में फिनटेक को मुख्यधारा में लाने की संभावनाओं और चुनौतियों पर चर्चा कीजिए।

FinTech innovations refer to the use of technology to cater to financial & Banking service needs.

It uses new paradigms such as artificial intelligence, algorithms, big data analysis, quantum computing, encryption etc to make the processes simpler, fast and effective.

POTENTIAL :-

① Increase in efficiency of operations
eg:- loan appraisal process using blockchain Technology.
or
Use of Algorithms in share trading

② Avoid human error, mismanagement and misuse.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

③ Transparency and trail of transactions
④ Diversification of Services
⑤ Employment generation, forex earnings, etc

Challenges

① Potential of misuse through hacking, cyber crimes, identity theft etc
② Proliferation of technology leads to large scale impact if the service fails.
③ Lack of digital literacy and infrastructure
④ Potential monopoly of Fintech services.

The govt needs to carefully study the impact of new ideas like cryptocurrencies, artificial intelligence etc. Create a proper regulatory mechanism and a stringent Data privacy law to protect the interests of the users.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

6. With India striving to achieve its development objectives, examine how blue economy can help in pursuing the objectives of economic development and ecological sustainability. **(150 words) 10**

भारत द्वारा अपने विकास उद्देश्यों को प्राप्त करने के प्रयास में, परीक्षण कीजिए कि किस प्रकार नीली अर्थव्यवस्था आर्थिक विकास और पारिस्थितिकीय संधारणीयता के उद्देश्यों को प्राप्त करने में सहायता कर सकती है।

Blue economy refers to using the aquatic sources such as fisheries, aquaculture, etc. It uses the oceanic resources to lead to growth, employment generation at the same time preserving the sustainability of oceans.

Importance of Blue economy

1. Job creation the fish rearing, mariculture etc
2. Boost to food processing industry
3. Impetus to exports bringing forex
4. Nutrition security due to protein rich foods.
5. Renewable energy through Tidal energy. Extraction of minerals.
6. Tourism in coastal areas.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

Blue economy and environment sustainability

(1) Maritime transport → more efficient & less emissions.

(2) Waste disposal systems

(3) Renewable energy and biodiversity protection

The govt of India has reiterated its commitment to Blue economy. It can explore the option of Blue bonds to raise resources for development in this sphere.

The SDGs also reiterate its importance making ~~them~~ it necessary in the 21st century.

Don't write anything this margin
(इस भाग में कुछ ना लिखें)

7. Despite many advantages associated with Electric Vehicles, there are many technical and commercial challenges for mainstreaming them. Discuss.

(150 words) 10

इलेक्ट्रिक वाहनों से संबद्ध कई लाभों बावजूद, उन्हें मुख्यधारा में लाने के मार्ग में कई तकनीकी और व्यावसायिक चुनौतियाँ हैं। चर्चा कीजिए।

Electric vehicles are those that use stored electricity instead of conventional fossil fuels to run.

The shift to electric vehicles has been seen both globally and domestically. The govt of India has proposed the FAME policy for popularising EVs in India.

Advantages of EVs

1. Lesser emissions
2. Good quality air due to less PM. (Particulate Matter)
3. Lesser import on crude oil and vulnerability to its inflation inducing fluctuations.
4. Development of manufacturing and employment generation

Don't write anything this margin (इस भाग में कुछ ना लिखें)

Technical & Commercial challenges to EVs

① Poor battery infrastructure. limited capacity to create high energy density batteries and limited resources in India for their manufacture

② Charging infrastructure. especially rapid charging

③ High cost of Cars make them unattractive

④ Unreliable power supply and hassle of charging

⑤ Policies such as inverted duty structure.

Apart from FAME II, the govt has also reduced GST on batteries & EV components. Subsidies to potential buyers and phased electrification of public transport will go a long way in popularising EVs in India.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

8. A rapidly changing economic structure and demography require a comprehensive employment policy to address the multitude of challenges that might arise in future. Discuss in the context of India. **(150 words) 10**

तेजी से बदलती आर्थिक संरचना और जनसांख्यिकी को भविष्य में व्युत्पन्न हो सकने वाली अनेक चुनौतियों से निपटने के लिए एक व्यापक रोजगार नीति की आवश्यकता है। भारत के संदर्भ में चर्चा कीजिए।

Economy and demography are highly interlinked with the latter highly influencing the former.

Countries such as East Asian Tigers, and China have reaped the benefits of demographic dividend to gain growth.

To leverage this potential similarly India needs to balance both. Framing a comprehensive employment policy is the 1st step in its direction.

① Low skills level in India hamper large scale labour intensive industries

② As the population is youthful a thrust can be made towards manufacturing sector

③ As the population ages the service sector dominates along with increased

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expenditure towards medical care & insurance services.

(4) Further a comprehensive policy would help to bridge development deficits in various regions.

(5) Transfer of labour from surplus states to deficit states leads to migration. The rights of migrants need to be protected especially in informal labour

(6) Feminization of agriculture & informal sector also needs to be addressed

(7) Social problems such as Caste based occupation segregation still exists
eg:- Most Manual Scavengers even today are Dalits.

A robust employment policy would place India on the path of exponential growth and high labour force participation rates

Don't write anything this margin (इस भाग में कुछ ना लिखें)

9. Examine the need for a comprehensive policy on e-commerce in view of its domestic expansion as well as safeguarding India's interests globally.

(150 words) 10

ई-कॉमर्स पर एक व्यापक नीति की आवश्यकता का इसके घरेलू विस्तार के साथ-साथ वैश्विक स्तर पर भारत के हितों की सुरक्षा को देखते हुए परीक्षण कीजिए।

E-Commerce sector uses internet platforms for the transaction of goods, merchandise & services

Over the past few years ecommerce sector boom has been witnessed in retail sector (Amazon, flipkart, Snapdeal) and Service sector [Swiggy, Zomato, Uber, Netflix]

A need for comprehensive e-commerce policy has been felt.

Reasons → (DOMESTIC)

① High usage and spread, needs to managed & regulated

② Protection of the interests of the consumers.

③ Protection of indigeneous companies & enterprises from the cash rich MNCs like Walmart & Amazon.

④ Data protection due to transnational transaction and details of financial transactions

Don't write anything this margin (इस भाग में कुछ ना लिखें)

GLOBAL

(i) Platforms such as WTO propose free trade regime in e-Commerce Sector which would help the MNCs.

(ii) Lobbying by foreign nations for better regulatory conditions favourable for their companies.

(iii) Challenge against Data localisation demands of India on platforms such as ASEAN & RCEP

(iv) Monopolisation by a few nations
eg:- Alibaba - China.
Amazon / Ebay - USA.

Despite its challenges the e-commerce sector holds tremendous potential in terms of economic growth, employment and export of services. A balanced approach to cater to economic needs & security issues is the need of the hour.

Don't write anything this margin
(इस भाग में कुछ ना लिखें)

10. Discuss the need for deepening bond markets for Indian economy. Also, identify the reasons behind weak development of bond market in India.

(150 words) 10

भारतीय अर्थव्यवस्था के लिए बॉण्ड बाजारों को व्यापक बनाने की आवश्यकता पर चर्चा कीजिए। साथ ही, भारत में बॉण्ड बाजार के अल्प विकसित होने के कारणों की पहचान कीजिए।

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Don't write anything this margin (इस भाग में कुछ ना लिखें)

11. In the context of IL&FS crisis, explain the risks that the economy faces due to laxity in the regulation of the Non Banking Financial Companies (NBFCs).

(250 words) 15

IL&FS संकट के संदर्भ में, गैर-बैंकिंग वित्तीय कंपनियों (NBFCs) के विनियमन में शिथिलता के कारण अर्थव्यवस्था के समक्ष आने वाले जोखिमों की व्याख्या कीजिए।

The recent IL&FS crisis led to tanking of Sensex and reduced customer sentiment towards the robustness of the Indian economic system.

At the heart of the matter lies the problem of regulation of NBFCs. Though essentially under the purview of the RBI the NBFCs state of affairs have been far from desireable

Problems

① Low capital coverage provisioning for potential down turn in asset quality

② Higher dependence on short term loans rather than long term borrowings.

eg:- IL&FS needed long term credit as most of its projects had high gestation periods.

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③ Irregular credit rating system
Despite issues the credit rating of IL&FS was very good. The conflict of interest by the issuer pays model needs to be resolved.

④ Poor governance standards and audit mechanism.
An audit on the lines of asset quality review of the RBI needs to be brought in for NBFC.

⑤ Mounting burden of NPAs especially under the govt schemes such as MUDRA loans leading to reduced credit outflow

NBFC reforms are necessary as they play a crucial link in deepening the access to credit in rural, Tier II and small cities.

They support MSME sector and important industry such as auto, export import etc and agriculture

Don't write anything this margin (इस भाग में कुछ ना लिखें)

Way Ahead

1. Refinancing body to be created
2. Revamping the rating agencies and process
3. Provisioning for potential downturns
4. Better audit and oversight mechanisms.
5. Specialised NBFC cell in RBI to be created for guidance and advice.

The IL&FS was a wake up call and it would be ~~disaster~~ a disaster to not heed to its lesson.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

12. What do you understand by Universal Basic Income (UBI)? Discuss the advantages that it presents over the existing social protection schemes in India. Also, identify the criticism associated with the idea of UBI for a country like India. **(250 words) 15**

सार्वभौमिक मूलभूत आय (यूनिवर्सल बेसिक इनकम: UBI) से आप क्या समझते हैं? भारत में वर्तमान सामाजिक सुरक्षा योजनाओं की तुलना में इसके द्वारा प्रस्तुत किए जाने वाले लाभों की विवेचना कीजिए। साथ ही, भारत जैसे एक देश के लिए UBI के विचार से संबद्ध आलोचना की पहचान कीजिए।

Universal Basic Income (UBI) refers to the amount of money guaranteed every month to all beneficiaries without any discrimination or exclusion.

It is composed of 2 principles

① Non Conditionality / Unconditional transfers

② Universality i.e no exclusion.

Over the past few years UBI as a substitute for subsidies has gained traction.

The Economic Survey 2017-18 had looked into the feasibility of UBI, also some pilot projects have been carried out in Madhya Pradesh and New Delhi.

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Advantages of UBI

- No exclusion errors and No inclusion errors
- Better targeting of beneficiaries
- No leakages associated with inefficient subsidy regime
- Savings for the govt especially with no need to maintain infra such as warehouses, ration shops etc
- Choice and freedom to the people to use the income as they want it.

Criticism/problems associated with UBI

1. Fiscal Burden, the cumulative subsidy bill when offsetted along with universality will come out to ~ 20% of GDP.
2. Lack of digital literacy and infrastructure such as authentication, PoS machines, financial inclusion at individual level etc
3. Moral hazard as UBI can be channelised to alcohol, drugs etc. It also disincentivises employment need

Don't write anything this margin
(इस भाग में कुछ ना लिखें)

(4) Social mandate of policies is absent in UBI system especially targeting the poor and down-trodden.

Despite its potential problems the UBI concept can be explored further in a phased manner. Already certain progress has been achieved through income transfer schemes like ~~PM AAS~~ PM-KISAN, Rythu Bandhu [Telangana] & KALIA [Odisha].

Their long term impact needs to be studied to arrive at a consensus for UBI.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

13. Critically examine the practice of resorting to farm loan waivers as a means to alleviate agricultural distress. **(250 words) 15**

कृषि संकट को कम करने के एक साधन के रूप में कृषि ऋण माफी का सहारा लेने की प्रथा का समालोचनात्मक परीक्षण कीजिए।

Farm loan waiver culture has gained momentum over the past few decades to alleviate the distress in agriculture sector.

Despite its short term benefits its long term effects have been scrutinised and criticised by economists such as Raghuram Rajan and Jean Dreze

Benefits of loan waivers

1. Reduced indebtedness of farmers
2. More disposable income leading to growth in the sector
3. Reduction in farmer suicides
4. Political dividends to the govt, used generally for populist election agenda.

Issues with loan waivers

1. Most loan waivers benefit the large farmers as marginal farmers are largely dependent on informal credit

Don't write anything this margin (इस भाग में कुछ ना लिखें)

(2) It leads to accumulation of NPAs in banks that is borne by the taxpayer via govt recapitalisation.

(3) It is not sustainable and gives rise to similar demands across the country leading to a domino effect.

What is needed?

(1) Instead of short term gain long term reforms are needed

(a) Financial inclusion and access to cheaper formal credit to marginal farmers.

(b) Improvements in agriculture marketing for better income realisation

(c) Better insurance cover to help the farmers overcome distress

(d) Improving irrigation facilities to remove uncertainity of monsoons.

(2) New paradigms of Corporate farming and GM crops can be used to commercialise

Don't write anything this margin (इस भाग में कुछ ना लिखें)

③ Use of food processing and animal husbandry to augument incomes.

④ Income support schemes such as PM-KISAN, KALIA and Rythu Bandhu.

Due to political gains the govts usually do not look further than loan waiver. A structured shift and change is needed to break the vicious cycle that ultimately crushes the poor farmers and the taxpayers.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

14. Highlight the factors responsible for rise in the number of start-ups in India in recent years. Analyzing the challenges in the existing start-up ecosystem, suggest some measures to resolve them. **(250 words) 15**

विगत वर्षों में भारत में स्टार्ट-अप की संख्या में वृद्धि के लिए उत्तरदायी कारकों पर प्रकाश डालिए। वर्तमान स्टार्ट-अप पारितंत्र की चुनौतियों का विश्लेषण करते हुए, उनका समाधान करने हेतु कुछ उपायों का सुझाव दीजिए।

Start ups are enterprises / companies that are relatively new, cater to a selected client base and with low profits / turnovers due to quest for business expansion.

Startups try to address a specific need and client base, generally use innovations and new marketing techniques from existing practices.

Factors Responsible for Start up Culture

- Technology Boom and proliferation of IT based services.
- Globalisation and learning from American experience
- Growth of Entrepreneurial culture.
- Dissatisfaction from Salaried employment.
- High rates of success and profitability act as incentives
- Consumerist culture leading to new demands
- Low Job Creation rates

Don't write anything this margin (इस भाग में कुछ ना लिखें)

Challenges in Startup ecosystem :-

① Access to collateral free credit →
Hampers the development and expansion of viable startups

② Technology, R&D Deficit →
Prevents the realisation of economies of scale

③ Rigid Regulatory environment →
High Tax regime, ~~unc~~ unnecessary licensing requirements.
eg:- Angel Tax issue :, Registering of Startups, Definition of startups.

④ Competition from Abroad.
eg:- Ola v/s Uber
Flipkart v/s Amazon
Big Bazar v/s Walmart

Measures to resolve them

① Schemes such as MUDRA yojna should be expanded from MSMEs limited coverage, credit schemes must be diversified

Don't write anything this margin (इस भाग में कुछ ना लिखें)

(2) Startup India's plan of industry linkage/ Mentorship has to be expanded to include Sector specific guidance in labour intensive areas

(3) Tax breaks, exemptions and liberal definition of Startups to give stimulus.

(4) Easier norms for investments from Venture Capitalists and Angel Investors

(5) Incubators and technology Parks can be used to allow sharing of infrastructure, machinery etc

Startups play an important role in the economy, attracting forex, giving employment and boosting the entrepreneurial culture. They have a symbiotic relation with demographic dividend and must be nurtured.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

15. Discuss the idea of participatory budgeting and its significance for India. Also, identify the challenges in mainstreaming participatory budgeting in India. **(250 words) 15**

पार्टिसिपेटरी बजटिंग के विचार और भारत के लिए इसके महत्व की विवेचना कीजिए। साथ ही, भारत में पार्टिसिपेटरी बजटिंग को मुख्यधारा में लाने के समक्ष आने वाली चुनौतियों की पहचान कीजिए।

Participatory Budgeting refers to involving the people / masses in the process of budget creation.

Significance

① Better oversight and utilisation of public funds
② efficient allocation of resources as per requirement and needs of the public
③ Decentralisation of financial powers to the grass roots.
④ Allows the people to decide the direction of policy rather than being a top down process.
⑤ leads to better fulfillment of needs of animal spirits of the society.

Challenges

① Time consuming process
② People generally lack the expertise / knowledge to make difficult / complex decisions.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

(3) Difficult to implement, collate and execute with efficiency.

(4) Slow to react to volatile conditions

(5) Susceptible to majoritarianism where the voice of minorities is muted

(6) would be averse to taking tough/ difficult decisions eg:- Contractionary fiscal policy, reduction in subsidies etc.

Participatory Budgeting is very important in a democracy but to be objective and empirical it also needs the inputs of experts.

In a country as diverse, complex and large as India it is difficult to arrive at general consensus via public participation.

Rather than going for complete public participation a balance is needed for ~~[illegible]~~ nuanced approach.

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(इस भाग में कुछ ना लिखें)

Devolution of powers to ULB's & PRIs along with interacting with pressure groups, interest groups, lobbies, unions etc is the best way forward to achieve participation in Budgeting.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

16. Can the consolidation of banks help in stemming the existing problems in the banking sector? Discuss. **(250 words) 15**

क्या बैंकों का समेकन बैंकिंग क्षेत्रक में वर्तमान समस्याओं से निपटने में सहायता कर सकता है? चर्चा कीजिए।

Consolidation of Banks is also referred to as Bank mergers where 2 or more Separate entities are combined to create a Single banking institution.

It was first proposed by the Narsimhan Committee in the 1990s in a bid to improve the health of Banking sector.

Benefits

1. Better management of Stressed assets
2. Increased manpower, capabilities and capacity of the Banks
3. Increase in reach and Banking service penetration
4. offsetting of NPAs as the better managed Banks helps in bailing out the poorly managed bank.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

(5) Better economies of scale leading to the emergence of international banks.

Challenges

(1) Problems in catering to niche sectors and specialised clientele.

(2) Reduces diversity and options that leads to lower competition levels

(3) Problems of integration of new employees, obstacles are created by unions especially in case of retrenchment.

(4) No discernible change in governance architecture,

Mere consolidation of banks would not lead to resolution of problems. Governance reforms, efficient operations, proper loan appraisal process and ethical conduct would lead to better results.

The Govt has already started giving autonomy to banks, merit based appointment through Bank Boards Bureau and RBI's Asset Quality

Don't write anything this margin (इस भाग में कुछ ना लिखें)

review have helped to stem the tide.

Banking sector is the backbone of the economy and its health is necessary for growth and development.

Phased consolidation such as the SBI merger or the Bank of Baroda and Dena Bank along with good work culture have to continued.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

17. There is a high cost of compliance as well as complexities associated with existing labour laws at centre and state levels. Discuss. What steps have recently been taken by the central government to address these challenges? **(250 words) 15**

केंद्र और राज्य स्तरों पर वर्तमान श्रम कानूनों के साथ अनुपालन की उच्च लागत के साथ-साथ जटिलताएँ भी जुड़ी हुई हैं। चर्चा कीजिए। इन चुनौतियों से निपटने के लिए केंद्र सरकार द्वारा हाल में क्या कदम उठाए गए हैं?

Labour is one of the main pillars of the manufacturing and industrial sector. However despite large manpower and large market this sector has been stunted in India.

One of the main reasons is the high cost of compliance and complexities of labour laws

(1) Multiple legislations often lead to confusion and problems

(2) Several archaic laws lead to redtapism and delays that affect ease of doing business

(3) Different wage ceilings create different wage regimes that lead to inconsistency in Pan India operations

(4) Problems of firing for contractual/ temporary labour stunt the growth

Don't write anything this margin (इस भाग में कुछ ना लिखें)

(5) Increased litigation costs, license costs, compliance fees and penalties lead to increase in production costs

(6) Trade unionism and other welfare measures though good in intentions prevent the competitive usage of demographic advantage.

Steps taken by the Govt

(1) Reforming existing 40+ labour laws into 4 labour codes.

(2) Uniform slab of National minimum wage throughout the country

(3) Easier norms for hiring contractual labour leading to drastic increase in hiring process

(4) welfare schemes such as PM Rozgar Protsahan Yojna that covers the employer's provident fund contribution

Don't write anything this margin (इस भाग में कुछ ना लिखें)

(5) PM Shram Yogi Mandhan scheme to provide pension services to informal sector workers.

(6) Single window clearances for licenses and reduced inspector raj leads to better ease of doing business

Labour reforms would go hand in hand with economic and industrial reforms. They impart sustainability and vigour to the manufacturing sector feeding into programs such as Make In India, Skill India, MEIS [Merchandise export from India scheme] etc.

This would place India on the same trajectory as that of South East Asian tiger economies.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

18. Why have Special Economic Zones (SEZs) in India not been able to achieve the desired objectives? In this context, suggest some measures to revive SEZs in India. **(250 words) 15**

भारत में विशेष आर्थिक क्षेत्र (SEZs) वांछित उद्देश्यों को प्राप्त करने में सक्षम क्यों नहीं हो पाए हैं? इस संदर्भ में, भारत में SEZs को पुनर्जीवित करने के लिए कुछ उपायों का सुझाव दीजिए।

SEZs [Special Economic Zones] are regions specially demarcated for industrial, manufacturing and tertiary activities which is not considered the territory of India in conventional sense.

Benefits :-

① Reduced law compliance
② " Tax Burden
③ Flexibility in trade using foreign exchange
④ Support of ancilliary services in one region eg:- Banking, Stock exchange, rail, road, ports etc.

Issues

Despite its potential they have failed in its mandate.

① Delays in setting up SEZ

Don't write anything this margin (इस भाग में कुछ ना लिखें)

(2) Problems of land acquisition for SEZ

(3) NPAs in Banking Sector leading to less infra development

(4) ~~Depress~~ 2008 financial crisis crippled the manufacturing sector.

(5) Bureaucratic redtapism and apathy in issues such as environmental clearances and issue of licenses.

Way Ahead

(1) Coming up with a new and improved SEZ policy to take into account changes in post globalised economy.

(2) New means such as plug and play models where all work for SEZ is done and kept ready for the industry to use immediately

(3) Govt support, better tax breaks and incentives

(4) Time bound bureaucratic processes that lead to efficient development in SEZs

Don't write anything this margin (इस भाग में कुछ ना लिखें)

SEZs have a vital role to play to convert India to an investment led economy, promoting exports and forex earnings. Economic benefits and social benefits such as employment and poverty eradication would help in achieving the dream of $5 Trillion economy.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

19. Why has the contribution of manufacturing sector, as a percentage of the GDP, remained stagnant in the recent years? In this context, analyse the achievements of National Manufacturing Policy, 2011 with regards to its intended objectives. **(250 words) 15**

विगत वर्षों में GDP के प्रतिशत के रूप में विनिर्माण क्षेत्रक का योगदान स्थिर क्यों रहा है? इस संदर्भ में, अपने लक्षित उद्देश्यों के संबंध में राष्ट्रीय विनिर्माण नीति, 2011 की उपलब्धियों का विश्लेषण कीजिए।

Despite over 70 years of independence and over 25 years of LPG economic reforms the manufacturing sector remains stunted in India.

The contribution to GDP has stagnated to ~30% in recent years despite India entering into the positive phase of demographic dividend.

Reasons

1. Complexity and multiplicity of labour laws.
2. Delays in land acquisition and project clearances eg:- environmental clearances
3. Restricted flow of credit due to stressed banking sector by NPAs.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

(4) Low skills level in the labour force which is currently less than 10% as compared to over 90% in Japan.

(5) Reduced R&D and economies of scale. Due to this reason ~~they~~ they lose out to cheaper goods from China, Japan, South Korea and South East Asia

(6) Retrograde govt policies such as high ~~cess~~ surcharges, inverted duty structure, high GST taxation etc

(7) Low support to MSME sector which forms the major chunk of manufacturing sector

(9) Obsolete infra and machinery.
eg:- Cotton textile and silk industry is losing to Bangladesh & Vietnam.

Don't write anything this margin
(इस भाग में कुछ ना लिखें)

Don't write anything this margin (इस भाग में कुछ ना लिखें)

20. One of the goals that a developing economy aspires for is to bring down the Incremental Capital-Output Ratio (ICOR). In this context, what are the constraints that underlie the efficient conversion of savings rate to investments in the Indian economy? Also suggest some measures to improve this efficiency. **(250 words) 15**

एक विकासशील अर्थव्यवस्था जिन लक्ष्यों की आकांक्षा रखती है उनमें से एक वृद्धिशील पूंजी-उत्पादन अनुपात (इंक्रीमेंटल कैपिटल-आउटपुट रेश्यो: ICOR) में कमी लाना है। इस संदर्भ में, भारतीय अर्थव्यवस्था में बचत दर के निवेश में कुशल रूपांतरण के समक्ष आने वाली बाधाएँ क्या हैं? साथ ही, इसकी कुशलता में सुधार हेतु कुछ उपायों का भी सुझाव दीजिए।

Savings and investments are two sides of the same coin and play an important role in economic growth.

India's savings comprises of household savings, corporate / business savings and govt savings.

Household savings comprise the biggest chunk, however despite a healthy savings rate the rate of investment especially private investment has been continuously falling in India.

Constraints

① Twin Balance Sheet problem.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

(2) Excessive govt borrowings during the phase of 2008 financial crisis led to crowding out of pvt investment.

(3) Low access to financial services such as Mutual funds, Bonds, Shares and debentures, this leads to savings bank account being the primary source of parking money.

(4) ~~Govt~~ RBI laws mandating CRR & SLR to banks, instead of investing the excess reserves, most of the money is used to buy Gsecs.

(5) Falling interest rates have also given a hit to savings rate. Most people instead of investing in India prefer to invest abroad.

Way Ahead

(1) Reducing Repo rate, CRR, SLR

(2) Better streamlining of FDI norms.

(3) Resolving NPAs.

(4) Improving Bond and Share market

Don't write anything this margin (इस भाग में कुछ ना लिखें)

Bringing down incremental capital output ratio is necessary and giving an impetus to savings and investments leads to it

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Name of Candidate	ARCHIT NIGAM		
Medium Eng./Hindi	ENGLISH	Registration Number	104282
Center	ORN-DELHI	Date	13/7/19

INDEX TABLE

Q. No.	Maximum Marks	Marks Obtained
1	12.5	
2	12.5	
3	12.5	
4	12.5	
5	12.5	
6	12.5	
7	12.5	
8	12.5	
9	12.5	
10	12.5	
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13	12.5	
14	12.5	
15	12.5	
16	12.5	
17	12.5	
18	12.5	
19	12.5	
20	12.5	

Total Marks Obtained:

Remarks:

INSTRUCTIONS

1. Do furnish the appropriate details in the answer sheet (viz. Name, Registration Number and Test Code).
   उत्तर पुस्तिका में सूचनाएं भरना आवश्यक है (नाम, प्रश्न-पत्र कोड, विद्यार्थी क्रमांक आदि)।
2. There are **TWENTY** questions printed in **ENGLISH & HINDI**
   इसमें बीस प्रश्न हैं अंग्रेजी और हिन्दी में छपे हैं।
3. **All questions are compulsory.**
   सभी प्रश्न अनिवार्य हैं।
4. The number of marks carried by a question/part is indicated against it.
   प्रत्येक प्रश्न/भाग के अंक उसके सामने दिए गए हैं।
5. Answers must be written in the medium authorized in the Admission Certificate, which must be stated clearly on the cover of this Question-Cum-Answer (QCA) Booklet in the space provided. No marks will be given for answers written in medium other that the authorized one.
   प्रश्नों के उत्तर उसी माध्यम में लिखे जाने चाहिए जिसका उल्लेख आपके प्रवेश पत्र में किया गया है और उस माध्यम का स्पष्ट उल्लेख प्रश्न-सह-उत्तर (क्यूसीए) पुस्तिका के मुख्य पृष्ठ पर अंकित निर्दिष्ट स्थान पर किया जाना चाहिए। उल्लिखित माध्यम के अतिरिक्त अन्य किसी माध्यम में लिए गए उत्तर पर कोई अंक नहीं मिलेंगे।
6. Word limit in questions, if specified, should be adhered to.
   प्रश्नों में शब्द सीमा, जहाँ विनिर्दिष्ट है, का अनुसरण किया जाना चाहिए।
7. Any page or portion of the page left blank in the Question-Cum-Answer Booklet must be clearly struck off.
   उत्तर पुस्तिका में खाली छोड़ा हुआ पृष्ठ या उसके अंश को स्पष्ट रूप से काटा जाना चाहिए।

EVALUATION INDICATORS

1. Contextual Competence
2. Content Competence
3. Language Competence
4. Introduction Competence
5. Structure - Presentation Competence
6. Conclusion Competence

Overall Macro Comments / feedback / suggestions on Answer Booklet:

1.

2.

3.

4.

5.

6.

All the Best

Don't write anything this margin (इस भाग में कुछ ना लिखें)

Answer all the questions in NOT MORE THAN 200 WORDS each. Content of the answers is more important than its length. All questions carry equal marks.

12.5X20=250

1. Explaining the need and objectives of land reforms in India, assess the steps taken by the government in this regard.

भारत में भूमि सुधारों की आवश्यकता और उद्देश्यों की व्याख्या करते हुए, इस संबंध में सरकार द्वारा उठाए गए कदमों का मूल्यांकन कीजिए।

Land redistribution in India post independence was done to distribute surplus land from a few to a large population that was landless.

Need :-

1. Asymmetry in land ownership which led to overcrowding of agriculture
2. High poverty levels due to no livelihood
3. High unemployment levels
4. Socio economic justice and realising the ideals of welfare state.

Objectives

1. Land to landless to practice agriculture and settle down

Don't write anything this margin (इस भाग में कुछ ना लिखें)

(2) Equal access to livelihood

(3) Agricultural growth and better food security

Steps →

(1) Land ceiling Acts to limit the amount of land owned by an entity

(2) Land redistribution i.e transfer of surplus.

(3) Bhoodan and Gramdaan, voluntary donation of land from haves to have nots

(4) Abolition of Zamindari, removal of intermediaries, reducing the tax incidence on farmers

(5) Tenancy laws for farmers cultivating on other lands.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

Appraisal

① The effect of land redistribution was limited as people resorted to Benami transfer of land to relatives

② Nexus between the landed class and the state officials.

③ Lack of political will in many states

④ Transfer of waste lands or unproductive land via Bhoodan & redistribution.

⑤ Bypassing, exploitation of loopholes in laws such as plantation farming, creation of trusts etc.

The law redistribution was successful in a handful of states such as West Bengal and Kerala. In recent times the government tries to eliminate the hurdles such as digitisation of land records and GIS mapping to continue ahead in this endeavour

Don't write anything this margin (इस भाग में कुछ ना लिखें)

2. Explain how Fiscal Policy can be used to control inflation, accelerate the rate of economic growth and achieve economic stability.

व्याख्या कीजिए कि मुद्रास्फीति को नियंत्रित करने, आर्थिक संवृद्धि की दर को त्वरित करने और आर्थिक स्थिरता प्राप्त करने हेतु राजोकषीय नीति का उपयोग कैसे किया जा सकता है।

Fiscal policy relates to govt expenditures and revenues, tax rates, spending, borrowing, disinvestment etc.

Fiscal policy has far reaching effects, it can be used to tackle inflation, deflation, recession and stagflation.

To control inflation

1. Contractionary fiscal policy
2. Austerity, reduced spending, borrowing of govt, etc
3. Disinvestment, privitisation of loss making PSUs, targeting hoarding of essential commodities
4. Currency deregulation.
5. Increasing tax rates, reducing salary hikes, bonuses and pensions.
6. Reducing fiscal deficit or fiscal consolidation.
7. Tightening FDI, FPI movement.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

To accelerate rate of economic growth

1. Expansionary fiscal policy
2. Increasing govt expenditure on social sector
3. Increasing borrowing to infuse money leading to greater fiscal deficit.
4. Increasing job creation, salary hikes, bonuses, pensions, MSP of crops, cheap loans, rolling out universal basic income; reduction in taxes
5. promoting FDI, FPI inflow.

To achieve economic stability

1. Prudential norms.
2. Banking reforms, better performance of PSBs and PSUs
3. Promoting financial inclusion, formalisation of economy, digitisation, improving tax base.
4. Inflation targeting, fiscal consolidation, increasing private sector role.
5. Promoting exports, diversifying oil import sources to reduce volatility.

Don't write anything this margin
(इस भाग में कुछ ना लिखें)

(6) Increasing agriculture resilience to reduce price fluctuation through irrigation & insurance coverage.

Fiscal policy has been calibrated many times such as in the aftermath of 2008 global financial crisis to tackle adverse situations.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

3. What do you understand by devaluation of a currency? How is it different from currency depreciation? Explain how an economy benefits or suffers because of depreciation.

मुद्रा के अवमूल्यन से आप क्या समझते हैं? यह मुद्रा मूल्यह्रास से किस प्रकार भिन्न है? व्याख्या कीजिए कि कोई अर्थव्यवस्था मूल्यह्रास के कारण किस प्रकार लाभान्वित होती है या क्षति उठाती है।

Devaluation of currency is purposely devaluing a currency with respect to other currencies. It is usually not linked to market forces and done by governments.

Currency depreciation on the other hand is a market driven approach which is affected by the demand and supply of the currency.

Currency depreciation has no governmental influence, but it ~~is~~ may be affected by government transactions in the market such as open market operations.

Effect on Economy

POSITIVES :-

1. Competitive exports
2. Increased tourism
3. Investment via FDI & FPI.

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(4) Helps in fiscal consolidation & Forex buildup
eg:- India devalued currency in the face of 1991 Balance of payments crisis.

(5) Helps to boost economic growth leading to stable environment, low volatility, speculation and outflow of Hotmoney.

NEGATIVES OF DEPRICIATION

(1) Increased value of imports
(2) Increased loan interest commitments
(3) Can lead to inflation, increase in interest
(4) Increased cost of living abroad for expatriates may result in decreased remittances.
(5) Impacts global standing of currency reducing internationalisation of Ruppee.

Countries often resort to devaluation to increase foreign capital investment, capture export markets and boost economic growth.

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China has often been accused by Donald Trump for currency manipulation to impact balance of Trade.

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4. What were the key components of the economic reforms undertaken in the Indian economy in 1991? What objectives were sought to be achieved through them? Examine how successful have they been in meeting them.

1991 में भारतीय अर्थव्यवस्था में किए गए आर्थिक सुधारों के प्रमुख घटक क्या थे? उनके माध्यम से किन उद्देश्यों को प्राप्त करने का प्रयास किया गया था? परीक्षण कीजिए कि उन उद्देश्यों की पूर्ति करने में वे कितने सफल रहे।

The economic reforms of 1991 were undertaken in the backdrop of Balance of payment crisis and erosion of Forex reserves.

main components

1. LPG → Liberalisation, privitisation and globalisation
2. Devaluation of currency.
3. Contractionary fiscal & monetary policies. to promote govt austerity.
4. Promoting exports
5. Banking reforms such as reduction in CRR, SLR etc
6. Ending inspector raj and compulsary licensing system.
7. Strategic disinvestment in PSUs.

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Objectives of Economic reforms

1. Tackle the difficult Balance of payments crisis.
2. Improve Forex cover for imports through inflow of investments via FDI & FPI
3. Increase efficiency and profitability of PSUs through privatisation and strategic disinvestment.
4. Improve competition in market by admitting private players giving more options to consumers.
5. Transfer of technology and expertise leading to capacity building of Indian Companies.
6. Stimulate economic growth

Critical appraisal

Positives :-

1. Stable growth rate of approx 6% over 3 decades
2. Forex reserves of around $400 Billion
3. Exponential increase in per capita income and reduction in poverty levels to ~20%

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(4) Development of service sector and MNC culture in urban areas.

(5) GDP growth & becoming one of the largest economies in PPP terms.

(6) Emergence of private companies through telecom revolution, aviation revolution such as airtel, Jet airways, etc

Negatives

(1) Lopsided growth ie disparities between rural and urban areas,

(2) Not inclusive as service sector has appropriated most benefits

(3) Income disparity is around 50% of wealth is owned by top 1% of the population

(4) Increase in black money and corruption

(5) Brain drain, pollution, monopoly of private players in some areas.

Thus the economic reforms have been a mixed bag in terms of outcomes.

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5. Explain the process of credit creation by the banking system in an economy. Also, highlight the factors which limit the power of commercial banks to create credit.

अर्थव्यवस्था में बैंकिंग प्रणाली द्वारा साख सृजन की प्रक्रिया की व्याख्या कीजिए। साथ ही, उन कारकों पर प्रकाश डालिए जो वाणिज्यिक बैंकों की साख सृजन की क्षमता को सीमित करते हैं।

Banking system is creator of credit in the economy. It accepts deposits from people promising interest rates and forwards loans at higher interest rates. The difference is the revenue of bank.

Deposits → [Banks] → Loans.
Interests ← ← Interest

Apart from loans banks also issue instruments such as mutual funds, insurance, etc.

Factors that limit banks

1. Poor financial inclusion, inadequate banking services penetration.
2. Low financial literacy of the population
3. Priority sector lending norms.

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(4) Use of barter system for certain services

(5) Blackmoney or Shadow economy for payments, remittances and transfers/loans

(6) Excessive govt regulation especially appointments in Public sector Banks.

(7) Excessive dependence on bank deposits as source of investment by people. This generally puts pressure of rate transmission.

(8) Poor revenues due to NPAs and Stressed assets

(9) Statutory obligations of reserves i.e CRR & SLR

(10) Sterilization of excessive inflow of investments by RBI

Way Ahead

(1) Improve financial inclusion and digital literacy

(2) Improve banking penetration to reduce dependence on money lenders.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

(3) Increase formalisation and digitisation of economy
(4) Resolve problems of NPAs
(5) Reduce reserve requirements
(6) Banking reforms
(7) Relaxation in priority sector lending in certain sectors

The govt has taken numerous efforts such as PM Jan Dhan Yojna, Bank Boards Bureau, Merger of Banks, reduction in SLR, CRR, digitisation of payments, resolution of NPAs through recapitalisation and roll out of Basel III norms to stabilise Banking sector.

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6. What is Outcome Budgeting? Explaining its relevance for management of public finance, highlight the challenges in implementing it.

आउटकम बजटिंग क्या है? सार्वजनिक वित्त के प्रबंधन हेतु इसकी प्रासंगिकता की व्याख्या करते हुए, इसके कार्यान्वयन संबंधी चुनौतियों पर प्रकाश डालिए।

Outcome budgeting refers to allocation of budgetary finances on the basis of outcomes and not on historical practices or simply because significant amount has already been used over the years.

It evaluates progress or impact on the basis of certain measureable indicators to judge ~~progress~~ annual improvement.

Importance

① Checks excessive expenditure on low perfoming schemes / departments

② Increases accountability, reduces irrational spending, instills austerity

③ Reduces corruption by focusing on measurable outcomes.

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(4) Channelizes resources as per demands of the economy.

(5) Improves growth due to annual increments

(6) Boost public trust in governmental institutions

Challenges in implementing :-

(1) Difficulty in identifying relevant outcomes / indicators to monitor.

(2) official antipathy, officers may resist changes.

(3) wastage of old expenditure incurred incase schemes or programs are scrapped

(4) Some projects are difficult to gauge
eg:- Toilet coverage V/S Toilet usage debate

(5) May impact projects with long gestation periods
eg:- Education, capital infra, skills etc

(6) Time consuming and complicated process.

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Outcome budgeting is being increasingly adopted by countries wishing to improve good governance and fiscal consolidation. However we must not be totally dependent on empirical standards affecting social, political and environmental influences.

eg:- Social stigma of EWS children enrolled in private schools as per RTE Act, 2009.

or

Learning outcomes v/s literacy rate debate.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

7. Explain the concept of GDP Deflator. Can it be argued that it is a more accurate indicator of inflation, as compared to CPI and WPI?

GDP अपस्फीतिकारक (डिफ्लेटर) की अवधारणा की व्याख्या कीजिए। क्या यह तर्क दिया जा सकता है कि CPI और WPI की तुलना में यह मुद्रास्फीति का अधिक सटीक संकेतक है?

GDP deflator refers to the ratio of Nominal GDP to real GDP [at Constant Prices]

It helps to balance the effects of inflation on calculation of GDP.

GDP deflator is thus an indicator of inflation levels in an economy.

Comparison with WPI & CPI.

	GDP	WPI	CPI
(1)	Includes final goods and services produced within a territory	(1) Includes goods at intermediate or whole level. Does not include services	(1) Includes goods and services at retail or final level. i.e prices faced by a consumer.
(2)	Covers all sectors and goods and services	(2) Only includes certain sectors with weights assigned differently	(2) Includes certain sectors, weights assigned differently

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GDP Deflator as a measure of inflation

① It is much more representative of the totality of goods & services. As WPI & CPI have some selected items they do not reflect the real situation

② Weightage system skews the WPI & CPI increase of differences of prices
eg:- Depressed global crude oil prices led to negative WPI for many years from 2014-15.

GDP deflator can be considered much more representative but it is time consuming to calculate the deflator for the whole economy.

WPI and CPI are much more effective in showing inflation in the major sectors, they are quick and effective also.

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Don't write anything this margin
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8. The central bank adopts quantitative and qualitative methods to control credit creation by commercial banks. What is the difference between quantitative and qualitative methods? Also, explain the concepts of Repo Rate, Cash Reserve Ratio and Statutory Liquidity Ratio.

केंद्रीय बैंक, वाणिज्यिक बैंकों द्वारा साख सृजन को नियंत्रित करने के लिए मात्रात्मक और गुणात्मक तरीकों को अपनाता है। मात्रात्मक और गुणात्मक पद्धतियों के मध्य क्या अंतर हैं? साथ ही, रेपो दर, नकद आरक्षित अनुपात और सांविधिक तरलता अनुपात की अवधारणाओं की व्याख्या कीजिए।

Qualitative methods of credit control refers to credit regulation through consultations, ~~persuasion~~ moral suasion, changing margin requirements, Priority sector lending etc.

These are used when the quantitative methods fail to yield results directly.

Quantitative methods of credit control are much more direct and effective. it includes changes in reserve ratios, lending rates, currency infusion through open market operations etc.

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Repo Rate / Repurchase obligations →

Rate at which banks can borrow from the RBI to manage their short term liquidity requirements.

Reduction in repo rate indicates banks to reduce lending rates.

Cash Reserve Ratio (CRR) →

Refers to the proportion of Net Demand and time deposits (liabilities) – NDTL that the banks must keep with RBI in the form of cash or gold

It does not fetch interest earning and acts as cushion for banks during adversities.

Statutory Liquidity Ratio (SLR)

Proportion of NDTL that banks keep with them in the form of cash, gold, G-secs or other specified forms to hedge against bank run.

It earns interest and helps the RBI to fulfil its commitments towards sale of Gsecs for the govt.

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Bank rate, repo rate, CRR, SLR are examples of quantitative credit control measures

Moral suation, margin requirements, priority sector lending are examples of qualitative measures.

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9. Bring out the difference between proportional, progressive, regressive and degressive taxation. Also explain why progressive taxation is desirable and popular all over the world.

आनुपातिक, प्रगतिशील, प्रतिगामी और अधोगामी (अवक्रमिक) कराधान के मध्य अंतर स्पष्ट कीजिए। साथ ही, व्याख्या कीजिए कि प्रगतिशील कराधान वैश्विक स्तर पर वांछनीय और लोकप्रिय क्यों है।

Proportional taxation system -
where tax is levied as a proportion of the total income equally to everyone. This is based on notion of equal taxation by treating everyone alike.

Progressive taxation system →
Tax is levied according to income, ie higher incomes are taxed at higher rates and lower incomes at lower rates. This is based on the notion of treating only likes alike.

Regressive taxation system →
Tax is levied according to income but here higher incomes attract lower tax and lower incomes attract higher tax

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Degressive taxation system.

Only certain sections are taxed exempting the higher incomes from taxation.

Advantages of Progressive taxation system

1. Reduces inequalities of income
2. Affects disposable incomes of people in equal manner
3. Improves social harmony
4. Increased tax base
5. Improved tax compliance and tax collections.

Most modern democracies have adopted progressive taxation system to improve social mobility and economic growth with equity. It reduces income inequalities and balances the tax incidence on different sections of society.

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Don't write anything this margin (इस भाग में कुछ ना लिखें)

10. What are the different approaches for measurement of National Income? Explain the difficulties in estimation of national income by each of these approaches. What steps have been taken in recent times to improve accuracy in national income accounting?

राष्ट्रीय आय के मापन के विभिन्न दृष्टिकोण कौन-से हैं? इनमें से प्रत्येक दृष्टिकोणों द्वारा राष्ट्रीय आय की गणना में आने वाली कठिनाइयों की व्याख्या कीजिए। राष्ट्रीय आय लेखांकन की सटीकता में सुधार के लिए हाल में क्या कदम उठाए गए हैं?

Different approaches for measurement of national income are used for better verification and validation of data.

They are :-

1. Consumption method
2. Income method
3. Output method.

India uses the output method to calculate GDP using GVA [Gross value added] at factor cost.

Steps taken to improve accuracy

1. Change in base year to 2011-12 to make it more representative of the times

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(2) Expansion of basket, including new goods and reasigning their weightage based on relevance.

(3) Using MCA 21 database to extrapolate output for informal sector.

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Don't write anything this margin (इस भाग में कुछ ना लिखें)

11. What is the rationale behind government tapping into private resources for large infrastructure projects? In this context, highlight the various problems that can arise in a PPP contract and list the measures that have been taken to minimise them.

बृहद् अवसंरचना परियोजनाओं के लिए सरकार द्वारा निजी संसाधनों का दोहन करने के पीछे क्या औचित्य है? इस संदर्भ में, PPP अनुबंध में उत्पन्न हो सकने वाली विभिन्न समस्याओं पर प्रकाश डालिए और उनके न्यूनीकरण हेतु किए गए उपायों को सूचीबद्ध कीजिए।

PPP [Public private partnership] refers to collaboration between private companies and the State for creation, maintainence and operation of infrastructure projects.

Rationale :- Reduced risks and financial outlay to the govt, Assured income and project ownership for cost recovery.

Types of PPP

① BOT → Build operate Transfer
② BOOT → Build own operate Transfer
③ EPC → Engineering procurement & construction
④ Hybrid Annuity Model.

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Problems in PPPs

1. NPAs affect access to credit
2. Delays in clearances
3. Problems of land acquisition
4. Poor maintainence.
5. Rigging of bids
6. Delays in payment
7. Challenges in cost recovery if project fails to generate revenue
8. Public resentment as tolls on highways can escalate logistics costs

Measures to reduce problems of PPP

1. Online submission of bids.
2. New techniques such as Swiss Challenge method
3. Hybrid Annuity model → where the govt provides upfront payment of 40% of cost & rest is done by annual payments [annuities]
4. Faster clearances, use of plug & play model where all clearances and

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acquisitions are readied beforehand

(5) Resolution of NPAs and increasing funds through NIIF, NHB etc to rejuvenate Brownfield projects.

(6) Special purpose vehicles to guide and channelize efforts.

PPP models are necessary to boost infrastructure deficit and at the same time stimulate growth and employment generation.

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12. Development of ports is the mandatory first step for port-led development to succeed and India to improve its ease of doing business. Discuss the issues that have constrained the growth of port infrastructure in the country. Also, suggest some ways to overcome them.

पत्तन आधारित विकास के सफल होने तथा भारत को अपने इज ऑफ़ डूइंग बिज़नस में सुधार लाने के लिए पत्तनों का विकास अनिवार्यत: पहला कदम है। देश में पत्तन अवसंरचना के विकास को बाधित करने वाले मुद्दों की चर्चा कीजिए। साथ ही, इनपर नियंत्रण प्राप्त करने के कुछ तरीकों का भी सुझाव दीजिए।

Ports are gateways to trade and commerce in a country, they are necessary for economic growth, import export, employment generation and creation of infrastructure.

Ease of doing Business refers to the ease with which business enterprises can setup and carry out day to day operations.

Ports play an important role in determining the ease of doing business, but India has faced numerous problems in this department

ISSUES

① High load on ports, due to less

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no. of major and minor ports.

(2) High turnaround time for ships that are in transhipment

(3) lack of enabling infrastructure such as connecting roads, warehouses, cold storage, banking facilities etc

(4) Less depth in harbours which do not allow heavy and large ships from entering the port.

(5) Inefficient management of Port regulatory bodies.

Measures

(1) Creation of more no. of major and minor ports to make India into a logistical hub

(2) Increasing draught depth in ports to allow heavier vessels to enter

(3) Infrastructure development through ~~development~~ convergence of Sagarmala project and CEZ [Coastal economic Zone]

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(4) Better berthing facilities, Customs formalities Streamlining to reduce turnaround time of Ships

(5) Devolution of powers to Port management boards, reducing govt interference through nominees.

(6) Integrating ports with inland navigation system.

India has a huge coastline and a strategic position in the Indian ocean region placing it in a strong position to exploit port led development in coastal states

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13. While electrification of all inhabited villages is a significant achievement, much more is needed to ensure that electricity demand of every household is fulfilled. Discuss.

यद्यपि सभी बसे हुए गाँवों का विद्युतीकरण एक महत्वपूर्ण उपलब्धि है, तथापि यह सुनिश्चित करने के लिए कि प्रत्येक परिवार की विद्युत की माँग पूरी हो, इस हेतु अभी बहुत कुछ और किए जाने की आवश्यकता है। चर्चा कीजिए।

Last year the government managed to achieve the target of 100% rural electrification under the Deen Dayal Upadhyaya Gram Jyoti Yojna.

Despite being a laudable achievement many questions have been raised on its relevance

(1) Household coverage is still not upto the mark.

(2) Definition of electrification is faulty as it considers only 10% of households or electrification of basic infrastructure

(3) Poor supply, erratic availability and inefficiency in grid leading to poor revenue streams for Discoms

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To achieve last mile connectivity the govt recently launched the Saubhagya yojna.

1. Targets household coverage.
2. Solar packs for homes not connected to grids
3. No subsidy component to ensure profitability of discoms.

Measures to ensure fulfillment of household demand

1. Expansion of grid to remote locations
2. Integration with renewable energy.
3. Reduction in transmission losses and operational losses [thefts]
4. Rejuvenating Discoms saddled with NPAs
5. Digital meters to better realise revenues of the Discoms
6. Deregulation in geographical monopoly of Discoms, inducing competition in electricity pricing

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The demands of ~~and~~ electrification and consumption will only increase with time. India needs to take proactive steps such as National body for procurement and pricing of electricity to realise the potential of this sector

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14. What is Inclusive Growth? Identifying its important features, discuss why it is an important objective of India's growth plans.

समावेशी विकास क्या है? इसकी महत्वपूर्ण विशेषताओं की पहचान करते हुए, चर्चा कीजिए कि यह भारत की विकास योजनाओं का एक महत्वपूर्ण उद्देश्य क्यों है।

Inclusive growth refers to growth that includes all sections of the society excluding no one.

Features of Inclusive growth

Economic

- Reduction in income disparity
- Increase in per capita income across all classes
- Better GDP growth and developmental prospects
- Economic convergence between various regions, sections and classes

Socio - Political

- Removal of Gender pay gap
- No occupational segregation eg:- Manual Scavenging for Dalits.
- Bridging rural-urban divide
- Cooperative and Competitive federalism
- Better Human Development Indicators eg: IMR, MMR, literacy rate

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Importance in India's growth plans

1. To effectively reap benefits of demographic dividend
2. Proper utilisation of talent, creation of egalitarian and inclusive society
3. Better literacy rates, health indicators to create valuable workforce
4. To create meritocracy with equal life outcomes
5. Reduce social friction and tensions due to poverty, hunger etc
   eg:- Demand for reservations, Protests for MSP etc

Inclusive growth is the main pillar of redistributive justice and welfare state, the State has already taken steps such as MGREGA, PDS system, affirmative action, Sarva Siksha Abhiyan etc in pursuance of this goal.

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Don't write anything this margin (इस भाग में कुछ ना लिखें)

15. What is Industrial Revolution 4.0? Critically discuss the effects it may have on Indian economy.

औद्योगिक क्रांति 4.0 क्या है? भारतीय अर्थव्यवस्था पर इसके संभावित प्रभावों की समालोचनात्मक चर्चा कीजिए।

Industrial revolution 4.0 utilizes cyberphysical systems and leverages technologies such as artificial intelligence, IOT [Internet of things], quantum computing, Big data etc

It is perceived as the next phase of industrial revolution post the information and technology era.

Effects on Indian economy

Positives :-

1. Increased ease of living
2. Increased productivity, access to knowledge, per capita income and GDP growth
3. Boost to knowledge economy, R&D in these sectors
4. Employment generation
5. Economic and social convergence i.e removal of disparities.

Don't write anything this margin (इस भाग में कुछ ना लिखें)

Negatives :-

1. Increased automation can lead to frictional unemployment and need of reskilling
2. Privacy concerns i.e cyber security challenges, espionage and identity theft.
3. Deepening of digital divide
4. Creation of surveillance state,
5. Digital literacy in urban areas can create rural urban divide.
6. Diverts govt expenditure from social sector schemes.

India needs to balance the quest for Industrial Revolution 4.0 and its socio economic stability.

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16. Highlighting the objectives of Public Distribution System in India, discuss the issues associated with it. Also, critically discuss the role technology can play in addressing these issues.

भारत में सार्वजनिक वितरण प्रणाली के उद्देश्यों पर प्रकाश डालते हुए, इससे संबद्ध मुद्दों की चर्चा कीजिए। साथ ही, इन मुद्दों को हल करने में प्रौद्योगिकी द्वारा निभाई जा सकने वाली भूमिका की समालोचनात्मक चर्चा कीजिए।

Public distribution System is a setup where the govt procures food grains from the farmers and then distributes it at affordable prices to the public through fair price shops.

Components :-
1. Procurement through MSP
2. Distribution at fair prices.

Issues →
1. Leakages ie fake beneficiaries, duplication of ration cards and hoarding cut off the actual beneficiaries
2. Inefficient procurement and distribution
3. Increasing logistics and warehousing costs.
4. Affects market prices, triggers inflation
5. Rotting food grains at Food Corporation of India warehouses.

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(6) Skewed Cropping pattern in favour of Certain crops.

(7) Increasing burden of food subsidies.

Role of Technology in addressing issues

(1) Eliminating of ghost beneficiaries

(2) Aadhaar linked subsidary payments prevent corruption and leakages

(3) DBT of subsidy helps to reduce market price distortion or diversion of good quality cereals from Fair price shops to open market

(4) Managing of inventory using Block chain technology

(5) Tracking procurement & distribution and Storage in warehouses.

PDS System of India is a substantial Chunk of India's subsidy bill. Use of technology and policy interventions such as Price deficiency payments, PM-AASHA, Private led procurement, KALIA and Rythu Bandhu Income support schemes can check issues with PDS system

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17. Explaining the various problems with the current agricultural marketing system in India, suggest measures that are needed to address these.

भारत में वर्तमान कृषि विपणन प्रणाली से संबद्ध विभिन्न समस्याओं की व्याख्या करते हुए, इन्हें दूर करने हेतु आवश्यक उपायों का सुझाव दीजिए।

Agriculture still employs approximately 45% of India's workforce contributing to their livelihoods.

However sluggish growth and poor incomes are putting farmers in distress. The govt has taken the objective of doubling farmer's income by 2022 and the Ashok Dalwai committee has recognised agriculture marketing as a hurdle to increasing incomes.

Problems

① Rigging of auction process by colluding with buyers. This leads to lower price realisation for farmers

② Middlemen who take heavy commissions from both the buyers & farmers to cause increase in prices.

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(3) Lack of Storage and gradation facilities, it leads to distress sale of perishable produce by farmers.

(4) Compulsion to sell via APMC in a district

(5) Delays in disbursal of payments and other charges such as registration, mandi fees, storage fees etc

(6) No whole sale buying of horticulture and value added produce.

The centre has come out with Model APMC Act in 2003 and the NITI Aayog has suggested measures but the adoption has been slow by states as agriculture is in the state list.

MEASURES

(1) Rolling out and expanding Contract farming which give income security to farmers.

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① Elimination of middlemen and capping of mandi fees to upto 5% of value of sale

② Promote FPOs [Farmer Producer organisations] and given them powers to sell the produce of members.

④ Storage facilities in APMCs and provision of selling on the basis of samples. This would reduce hauling costs for farmers.

⑤ Expand coverage of e-NAM to diversify potential markets for farmers

⑥ Promote commodity derivates and futures, better access to credit through warehouse scrips

Agriculture is still the mainstay of the economy in terms of food security and employment, marketing reforms will go a long way in maintaining its pre eminence.

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18. Explain the significance of the food processing sector in India and highlight the challenges it faces. What steps have been taken by the government in recent years for the development of this sector?

भारत में खाद्य प्रसंस्करण क्षेत्रक के महत्व की व्याख्या कीजिए एवं इसके द्वारा सामना की जा रही चुनौतियों पर प्रकाश डालिए। हाल के वर्षों में इस क्षेत्रक के विकास के लिए सरकार द्वारा क्या कदम उठाए गए हैं?

Food processing sector generally comprises of value added products in cereals, fruits, vegetables, meats, alcohol, honey etc

India is among the largest producers of the ~~other~~ above but lags behind in export of processed food items.

Significance

1. Employment generation
2. Creation of infrastructure via forward and backward linkages
   eg:- Roads, cold storage, warehousing, electricity lines
3. Increased incomes to farmers
4. Forex through exports.

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Challenges faced by the sector

1. Sanitary and phyto sanitary trade barriers due to health concerns by developed nations
2. Poor infrastructure facilities and a non existent supply chain mechanism
3. Dependence on monsoon leads to inconsistent yields
4. MSP based production by large farmers and subsistence based production by small farmers.

Steps taken by the Govt.

1. Mega food parks scheme
2. Fisheries policy to harness blue revolution
3. PM Krishi Vikas Yojna - RAFTAAR
4. Collateral free loans to SHGs, FPOs for food processing projects

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(5) Development of Integrated cold storage System

(6) Rashtriya Gokul Mission for dairy Sector

(7) TOP Scheme [Tomato Onion Potato]

(8) Incentives under MEIS [Merchandise export from India Scheme] and better branding / packaging norms for countering non tariff trade barriers.

Food processing Sector encompasses the rainbow revolution which can give a thrust towards doubling farmers income by 2022

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19. Explain the significance of solar energy for meeting India's energy demands. What are the challenges that lie in harnessing its potential? What steps have been taken to address them?

भारत की ऊर्जा माँग पूरी करने में सौर ऊर्जा के महत्व की व्याख्या कीजिए। इसकी क्षमताओं का दोहन करने में निहित चुनौतियाँ क्या हैं? इनसे निपटने के लिए क्या कदम उठाए गए हैं?

Solar energy is a form of renewable energy which converts the incident sun's rays to electricity using photovoltaic cells.

Significance for India

1. Being a tropical country India is a solar surplus nation
2. Help to achieve growth targets and at the same time meet environmental commitments of INDCs of Paris Agreement
3. Reduce dependence on oil and coal imports which trigger inflation due to price volatility.
4. last mile electricity coverage as seen in Saubhagya yojna.
5. Employment generation

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Challenges.

1. Land aquisition for Mega Solar Power Park projects.
2. Sustaining a balance between affordability and profitability in the pricing regime.
3. Credit for projects as most NPAs are from the power sector making bank lending less.
4. International challenges like USA's WTO dispute on Domestic Content requirement.
5. Resistance to shift to Rooftop Solar panels due to high cost and maintainence challenges.

Steps taken

1. International Solar Alliance with France
2. Putting Renewable Sector projects under Priority Sector lending norms

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③ Target of 100 GW power generation from solar energy by ~~2022~~ 2022

④ Solar mitras cadre for servicing and maintainence of solar panels

⑤ Converting govt buildings to solar energy

Solar energy is the tool for sustainable development which satisfies the needs of New India of 21st century and also respects the environment in accordance to our ancient ~~so~~ cultural ethos.

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20. What do you understand by Human Capital? Highlight the prospects and challenges of human capital formation in India.

मानव पूँजी से आप क्या समझते हैं? भारत में मानव पूँजी निर्माण की संभावनाओं एवं चुनौतियों पर प्रकाश डालिए।

Human capital refers to the valuable population or human assets which plays a major role in the development

Pre requisites of Human Capital

1. Literacy / education
2. Health
3. Skill / employability.

Prospects of Human Capital

1. Demographic dividend i.e a youthful population which can lead us to exponential growth
2. Comparative advantage for exports in Service and manufacturing Industry
3. Source of investment as a youthful

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population driven by consumption demands is an attractive market for investors

(4) Especially with ageing populations in South East Asia and Europe India can fill the vacuum making it an economic superpower.

Challenges

(1) Poor literacy levels
(2) Abysmal health infrastructure
(3) High incidence of poverty and unemployment
(4) Poor employability / skills as only 4% of labour force is skilled / trained.
(5) Slow transition to labour intensive manufacturing
(6) Jobless growth / predominance of service industry
(7) Social fabric riddled with casteism, communalism and bigotry.

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